

## Rural Utilities Service, USDA

## § 1785.66

CFR part 200). In specifying materials, DEC and ANTHC will consider all materials normally suitable for the project based on sound engineering practices and project requirements.

(b) Contracts for procurement must contain applicable contract provisions listed at Appendix II to 2 CFR part 200.

(c) For grants proposed to be administered directly by applicants eligible under §1784.8(a)(1), the requirements outlined in 7 CFR part 1780, subpart C will be met by those eligible applicants with the exception of the following requirements:

(1) Preliminary engineering reports and Environmental Reports (§1780.55). Refer to the requirements of this subpart and subpart C §1784.22(n).

(2) Metering devices in §1780.57(m).

(3) Utility Purchase Contracts in §1780.62.

(4) Sewage treatment and bulk water sales contracts in §1780.63.

### § 1784.37 Procurement of recovered materials.

When a grant is made to the DEC, the state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

### §§ 1784.38—1784.99 [Reserved]

## PART 1785—LOAN ACCOUNT COMPUTATIONS, PROCEDURES AND POLICIES FOR ELECTRIC AND TELEPHONE BORROWERS

### Subpart A [Reserved]

### Subpart B—RUS Cushion of Credit Account Computations and Procedures

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1785.66 General.

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1785.69 Cushion of credit payment account computations.

1785.70 Application of RETRF cushion of credit payments.

AUTHORITY: 7 U.S.C. 901 *et seq.*; Title I, Subtitle D, sec. 1403, Omnibus Budget Reconciliation Act of 1987, Pub. L. 100-203; Pub. L. 103-354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

### Subpart A [Reserved]

### Subpart B—RUS Cushion of Credit Account Computations and Procedures

SOURCE: 54 FR 13669, Apr. 5, 1989, unless otherwise noted.

#### § 1785.66 General.

This subpart B sets forth policies and procedures on the RUS cushion of credit payments program. The cushion of credit payments program will be maintained only for insured loans evidenced by obligations of the Fund. A subaccount within the Fund is hereby established for purposes of promoting rural economic development. It shall be known as the "Rural Economic Development Subaccount." The assets of the subaccount shall be obtained from crediting (on a monthly basis) a sum determined by multiplying the outstanding cushion of credit payments made after October 1, 1987, by the difference (converted on a monthly basis) between the average weighted interest rate paid on outstanding certificates of beneficial ownership issued by the Fund and the 5 percent rate of interest provided to borrowers on cushion of credit payments, repayment of loans made pursuant to Section 313 of the Act, and other sources as provided by law. This subaccount shall be used to provide grants or zero interest loans to borrowers under the Act for the purpose of promoting rural economic development.

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### § 1785.67 Definitions.

*Accumulated (deferred) interest* means interest allowed to accumulate up to, and including, the basis date of RUS notes covering loans approved before June 5, 1957. The accumulated interest is payable in equal periodic installments over the remaining life of the notes.

*Act* means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

*Advance payment* means a voluntary unscheduled payment on an RUS note, made prior to October 2, 1987, credited to the advance payment account of a borrower.

*Cushion of Credit Payment* means a voluntary unscheduled payment on an RUS note made after October 1, 1987, credited to the cushion of credit account of a borrower.

*Current interest* means interest payable periodically as it accrues.

*Fund* means the Rural Electrification and Telephone Revolving Fund established pursuant to the Act.

*Interest credit* means interest earned on balances in advance payment or cushion of credit accounts. Since the periodic installments are established by the terms of the notes, the interest credits cannot serve to change the total amount of each installment; therefore, an amount equal to the interest credits is added to the principal installment due. On receipt of the full installments, amounts equal to the interest credits (the principal offsets) are added to the respective advance payment accounts.

*Prepayment* means a voluntary unscheduled payment which the borrower instructs RUS to apply directly and immediately to the principal of an RUS note.

*RUS notes* means those notes, bonds, or other obligations evidencing indebtedness created by loans made by RUS pursuant to titles I, II, or III of the Act.

*Subaccount* means the *Rural Economic Development Subaccount* established pursuant to the Act as part of the Fund.

## 7 CFR Ch. XVII (1-1-16 Edition)

### § 1785.68 Establishing an RUS cushion of credit payment account.

A cushion of credit account shall be automatically established by RUS for each borrower who makes a payment after October 1, 1987, in excess of amounts then due on an RUS note. Such account will bear interest at a rate of 5 percent per annum. All payments on RUS notes which are in excess of required payments and not otherwise designated shall be deposited in the borrowers' respective cushion of credit accounts. Payments received in the month in which an installment is due will be applied to the installment due. However, if the regular installment payment is received at a later date in the month, the first payment received will be applied retroactively to a cushion of credit account and the second will be applied to the installment due.

### § 1785.69 Cushion of credit payment account computations.

(a) *Deposits.* Cushion of credit payments are credited to the borrowers' cushion of credit accounts.

(b) *Interest.* Interest at the rate of 5 percent per annum shall be credited on a quarterly basis to cushion of credit accounts. Interest earned will appear as a reduction in the interest billed on the borrower's RUS notes and will be separately shown on RUS Form 694, "Statement of Interest and Principal Due."

### § 1785.70 Application of RETRF cushion of credit payments.

(a) If a maturing installment on an RUS note or a note which has been guaranteed by RUS is not received by its due date, funds will be withdrawn from the borrower's cushion of credit account and applied as of the installment due date beginning with the oldest of such notes as follows: first, to current interest then due on all notes; second, to the accumulated interest due, if any, on all notes; and third, to the principal then due on all notes. In those instances where a borrower has prior to October 2, 1987, maintained an advance payment account with RUS, its cushion of credit account will be applied in accordance with the provisions

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of this section prior to using any balance remaining in its advance payment account to pay interest and principal installments on notes. Computations required under this section have been made by RUS as of October 2, 1987; however, on or before May 25, 1989 any borrower may make a one time irrevocable election to have all such computations made as of April 5, 1989, by filing written notice to that effect with Robert D. Ruddy, Director, Fiscal Accounting Division, Rural Utilities Service, Washington, DC 20250-1500.

(b) A borrower may reduce the balance of its cushion of credit account only if the amount obtained from the reduction is used to make scheduled payments on loans made or guaranteed under the Act.

[54 FR 13669, Apr. 5, 1989; 54 FR 17703, Apr. 25, 1989]

## **PART 1786—PREPAYMENT OF RUS GUARANTEED AND INSURED LOANS TO ELECTRIC AND TELEPHONE BORROWERS**

### **Subpart A—General [Reserved]**

1786.1–1786.24 [Reserved]

### **Subpart B—Prepayment of RUS Guaranteed Federal Financing Bank Loans Pursuant to Section 306(A) of the RE Act**

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- 1786.25 Purpose.
- 1786.26 Policy.
- 1786.27 Definitions and rules of construction.
- 1786.28 Qualifications.
- 1786.29 Prepayment authority, program allocations, categories of prepayment applications and financially distressed borrowers' reserve.
- 1786.30 Processing procedure.
- 1786.31 Application procedure.
- 1786.32 Settlement procedure.
- 1786.33 Forms.
- 1786.34 Access to records of lenders, servicers, and trustees.
- 1786.35 Loss, theft, destruction, mutilation, or defacement of RUS guarantee.
- 1786.36 Other prepayments.
- 1786.37 Application of regulation to previous prepayments.
- 1786.38 Judicial review.
- 1786.39–1786.49 [Reserved]

### **Subpart C—Special Discounted Prepayments on RUS Direct/Insured Loans**

- 1786.50 Purpose.
- 1786.51 Definitions.
- 1786.52 Prepayment.
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- 1786.59 Loan fund audit.
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- 1786.62–1786.74 [Reserved]

### **Subpart D [Reserved]**

### **Subpart E—Discounted Prepayments on RUS Notes in the Event of a Merger of Certain RUS Electric Borrowers**

- 1786.95 Purpose.
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- 1786.97 Prepayment.
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APPENDIX A TO SUBPART E OF PART 1786—  
LISTING OF ELIGIBLE BORROWERS

APPENDIX B TO SUBPART E OF PART 1786—  
FEDERAL RESERVE STATISTICAL RELEASE

### **Subpart F—Discounted Prepayments on RUS Electric Loans**

- 1786.150 Purpose.
- 1786.151 Definitions and rules of construction.
- 1786.152 Prepayments of RUS loans.
- 1786.153 Discounted present value.
- 1786.154 Qualified Notes.
- 1786.155 Eligible borrower.
- 1786.156 Application procedure.
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- 1786.158 Terms and conditions of prepayment agreement.
- 1786.159 Initial closing.
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- 1786.161 Return of Qualified Notes and release of lien.
- 1786.162 Outstanding loan documents.
- 1786.163 Existing wholesale power contracts.
- 1786.164 Loan fund audit.
- 1786.165 Reporting.
- 1786.166 Approvals.
- 1786.167 Restrictions to additional RUS financing.
- 1786.168 Borrowers who prepaid under this part prior to October 21, 1992.